"Today’s (sales goals) proposal relies on unenforceable voluntary commitments from unreliable carmakers," said Dan Becker of the Center for Biological Diversity. "The Biden administration proposed loophole-riddled rules that don’t even rise to the improvements car companies agreed to with President Obama nine years ago. Biden must reimpose the genuine Obama standard and close the loopholes."

Biden to announce increased fuel efficiency standards, 50% EV sales goal by 2030

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Washington — The Biden administration is poised to announce it plans to gradually raise mileage and emissions standards over the next five years to "build on" a 2019 agreement between California and several automakers, according to two sources familiar with the rule.

The increased standards will be paired with an executive order stating a goal of making half of all new vehicles sold in 2030 emissions-free and a pledge from the Detroit automakers that they will aim to sell at least 40% electric vehicles annually by 2030. Company leaders will join Biden at the White House on Thursday afternoon to announce the sales targets.

The companies' endorsement of the changes marks a tectonic shift in the relationship between the legacy automakers and environmental regulators since the Obama era — a reflection of the fact that the industry is amid a once-in-a-generation technological transformation powered by global reactions to climate change and backed by billions in EV investments.

The move is also indicative of President Joe Biden's efforts to reduce the environmental impact of the transportation sector — still the single largest emitter of greenhouse gases — with the goal of combating climate change and moving to a net zero-emission economy.

"What we're hearing across the board is a consensus about the direction where this industry is going. And a coming together around the recognition that this is the moment of truth, not just for climate action but for economic action as well," a senior White House official told reporters Wednesday evening on the condition of anonymity.
Under the automakers' goals, electric vehicles would include battery electric, fuel cell and plug-in hybrid vehicles, according to a joint statement from Ford Motor Co., General Motors Co. and Stellantis NV.

"Our recent product, technology and investment announcements highlight our collective commitment to be leaders in the U.S. transition to electric vehicles," the statement read.

"This represents a dramatic shift from the U.S. market today that can be achieved only with the timely deployment of the full suite of electrification policies committed to by the administration in the Build Back Better Plan," including consumer incentives, charging and R&D investments, and funding for domestic EV manufacturing and supply chains.

The proposed rule will be open to public comment before finalization, and automakers, labor leaders and environmental groups are expected to weigh in.

Reports of the rule have already frustrated some environmental groups, who argue the proposal doesn't go far enough to make up for years of lower standards under former President Donald Trump. Trump's rule currently requires an annual increase in fuel efficiency and reduction in emissions of 1.5%.

In 2019, the state of California brokered a deal with several automakers to increase mileage standards and cut emissions by 3.7% annually, lower than the 5% annual efficiency increase and emissions decrease put in place under Obama.

Trump, however, banned California from setting its own emissions standards, which it has done for decades under an exemption in the Clean Air Act, dividing the industry in a legal battle.

Five companies — Ford, Volkswagen AG, BMW AG, Honda Motor Co. and Volvo Cars Ltd. — sided with California and agreed to the state's increased standards. General Motors, Stellantis (then Fiat Chrysler NV), Toyota Motor Corp. and other smaller automakers sided with the Trump administration, though all three dropped out of the suit after Biden was elected.

BMW, Volkswagen, Honda and Volvo indicated in a joint statement that they too are aiming for 40-50% EV sales by 2030, while Toyota vowed in a statement to "do our part" and said both the sales goal and the new standards are "great for the environment and help protect" jobs within the company.

As the Biden administration considered new rules, automakers lobbied for a standard between those put in place between Obama and Trump, closer to the California requirement.

"Auto manufacturers are committed to a net-zero carbon transportation future, and we look forward to working with the administration on these and other efforts from the U.S. Department of Transportation regarding a cleaner, safer, smarter future," said the Alliance for Automotive Innovation, an industry group representing major automakers in the U.S., in a statement.
A representative from the United Auto Workers will also stand with the president on Thursday, but the UAW doesn't plan to endorse the specific goals set out by the automakers.

"The UAW focus is not on hard deadlines or percentages, but on preserving the wages and benefits that have been the heart and soul of the American middle class," union President Ray Curry said in a statement Wednesday. "We must be ambitious not just about retaining good union jobs, but growing them, and about expanding U.S. manufacturing of electric vehicles, from parts to assembly. It is incumbent that these future jobs will be good-paying American union scale wage and benefit jobs."

Environmental advocates had called for a return to the Obama-era standards and said it's critical the industry move away from gas- and diesel-powered vehicles sooner to effectively cut down on climate-harming emissions.

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Biden has said he aims to reach a net-zero emission economy by 2050. Reaching that goal will require stopping the sale of new gas- and diesel-powered vehicles by 2035 and phasing out unabated coal and oil power plants by 2040, according to the International Energy Association.

Some of the world's leading governments have moved aggressively to phase out gas- and diesel-powered vehicles. The European Union has proposed banning the sale of gas engines by 2035. In the United States, California and Massachusetts have committed to the same goal, and 11 other states have considered following suit.

Biden has resisted calls from environmentalists and the governors of 12 U.S. states to implement a similar policy federally. Currently, only around 2% of all new vehicle sales in the United States are electric vehicles.

Still, Biden has made hastening the transition to electric vehicles a priority since entering office. He initially proposed $174 billion for electric vehicles in his infrastructure plan, though that has since been pared down to around $15 billion for EV charging stations and electric buses.

Federal agencies also have researched how to increase the stability of the supply chains for electric vehicle batteries and for the critical minerals necessary to build them, as directed by an executive order issued earlier this year.

Automakers are seeking expanded consumer incentives for EV purchases, for which Biden has expressed support. U.S. Sen. Debbie Stabenow also has introduced a bill that would raise consumer tax credits for electric vehicles to $12,500 for the next five years and expand the existing cap on credits, which GM and Tesla Inc. have already surpassed.
New tax credits for used EVs, changes to existing credit structures "so first-mover manufacturers are not penalized," and investments in fast-charging stations in urban areas and along freeway corridors is what GM is pushing for, CEO Mary Barra said on an earnings call Wednesday.

"Then finally, investment tax credits to incentivize companies to establish manufacturing capacity in the U.S, and help build out the U.S. supply chain. Those are three main areas that we're advocating."

Each of the Detroit automakers already has made moves to significantly ramp up EV production in the coming years with goals that are close to what the White House is seeking.

Ford has said it expects 40% of its global sales to be electric vehicles by 2030 and said on a recent earnings call that consumer demand for EVs has outpaced expectation. GM aims to have all of its new light-duty vehicles be zero-emission by 2035. Stellantis announced recently it is targeting over 40% of sales in the U.S. to be electrified by 2030.

Industry analyst IHS Markit predicts 130 electric vehicle models will be available in the U.S. by 2026, up from around 50 models today.

Transportation accounted for [29% of total greenhouse gas emissions](https://www.detroitnews.com/story/business/autos/2021/08/05/biden-announce-increased-fuel-efficiency-standards-50-ev-sales-goal-2030/5483851001/?utm_campaign=Hot%20News&utm_source=hs_email&utm_medium=email&utm_content=146778917&_hsenc=p2ANqtz-_7xsoAYH_cOVdTputzBO1lkVPzuDEthSrurfPjxbbw3qAGit8MY28_FycoTpRj_vDf6zIt8ulJYZKZLW9f_6kPiXfy_g) in 2019, the latest year for which data are available, according to EPA. More than 90% of fuel used in transportation is gas or diesel. Electricity generation produced 25% of emissions while industry produced 23%.